



宏信建发
CDHORIZON

Investor Presentation

Horizon Construction Development

March 2025



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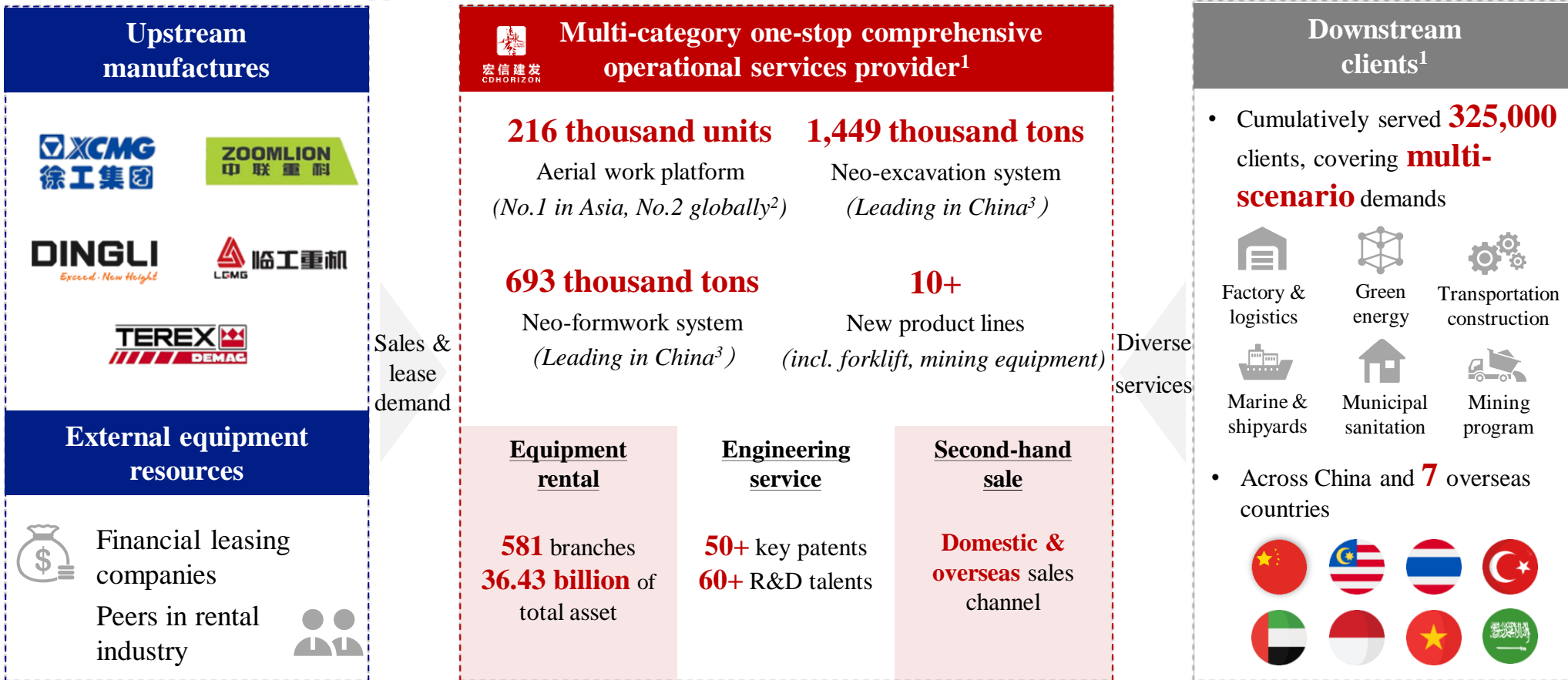
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Note: Unless otherwise specified, all monetary amounts stated herein are denominated in RMB.

HCD: The leading comprehensive equipment operation service provider in China



- Horizon Construction Development (“HCD”) has been in the dominant position in China’s equipment operation service industry for years.
 - Total asset reaches about **RMB36.43 billion**, and the volumes of aerial work platforms (“AWP”), Neo-excavation systems & Neo-formwork systems under management are **leading the domestic market**;
 - Established **581** branches globally;
 - Cumulatively served approximately **325,000** clients.



Notes:

1. Data for the year of 2024.

2. According to 2024 ACCESS50 (Global Top 50 AWP Rentals) by UK KHL Group;

3. According to Frost & Sullivan report

Our vision: Committed to building a world-class comprehensive equipment operation service provider



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- In the future, under the "3+3+3" strategy¹, the company is committed to building a first-class comprehensive operation service provider across multiple national markets.

Phase 1 (current phase)



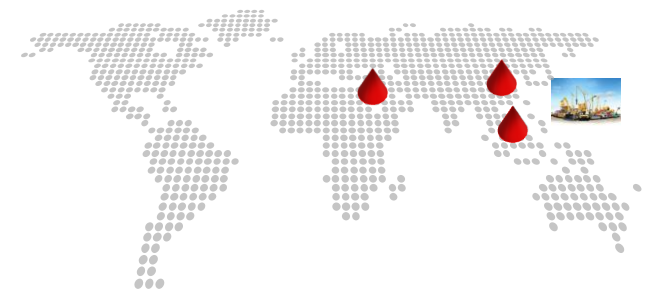
- Absolutely leading in China market
- Explore the Southeast Asian market
- Equipment operation with selective categories

Phase 2



- Absolutely leading in China market and Southeast Asia market
- Explore the Middle East and North Africa market
- Comprehensive equipment operation

Phase 3



- Market leaderships in China market, Southeast Asia market, Middle East and North Africa market
- **First-class comprehensive equipment operation service provider**

Note:

1. Formulated at the beginning of 2024.

① **Annual Business Review**

② Annual Financials Review

1. Domestic Business



The market environment in Mainland China

- In 2024, China's macro-economy achieved progress and remained stable, and new-quality productivity became an important driving force of economic growth. The full-year investment in manufacturing sector showed steady increase, while the growth pace of infrastructure investment slowed down;
- Under the impact from supply and demand structure, the domestic rental price of aerial work platform and ring-lock scaffold continued to decrease.

Domestic investment in manufacturing sector and infrastructure maintained steady growth

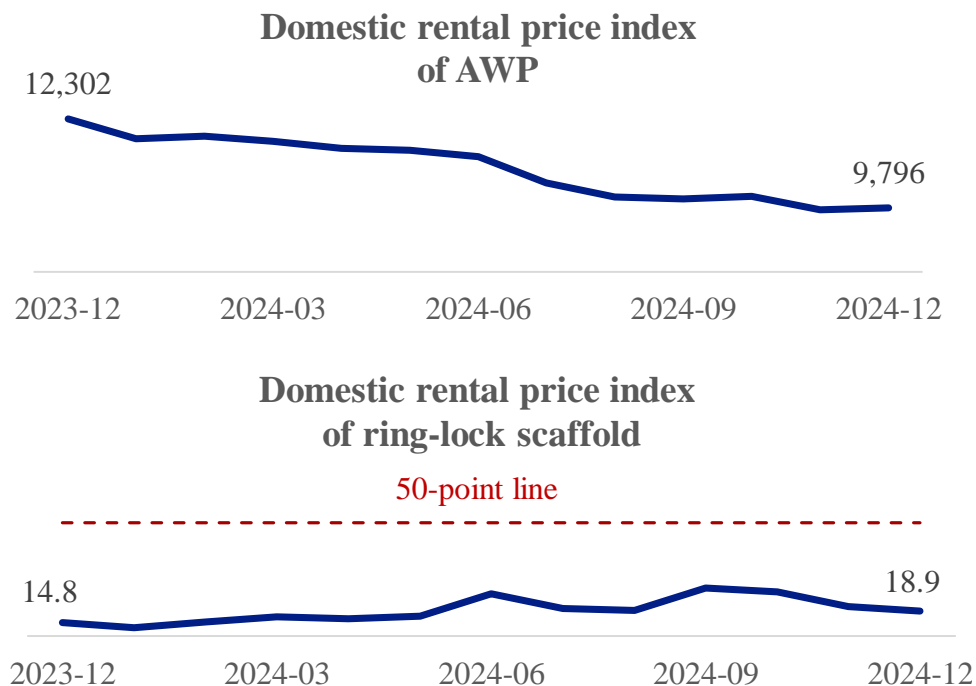
China's investment in manufacturing sector in 2024:

+9.2% year-on-year

China's investment in infrastructure in 2024:

+4.4% year-on-year

Continuous pressure on rental price of AWP and ring-lock scaffold in China

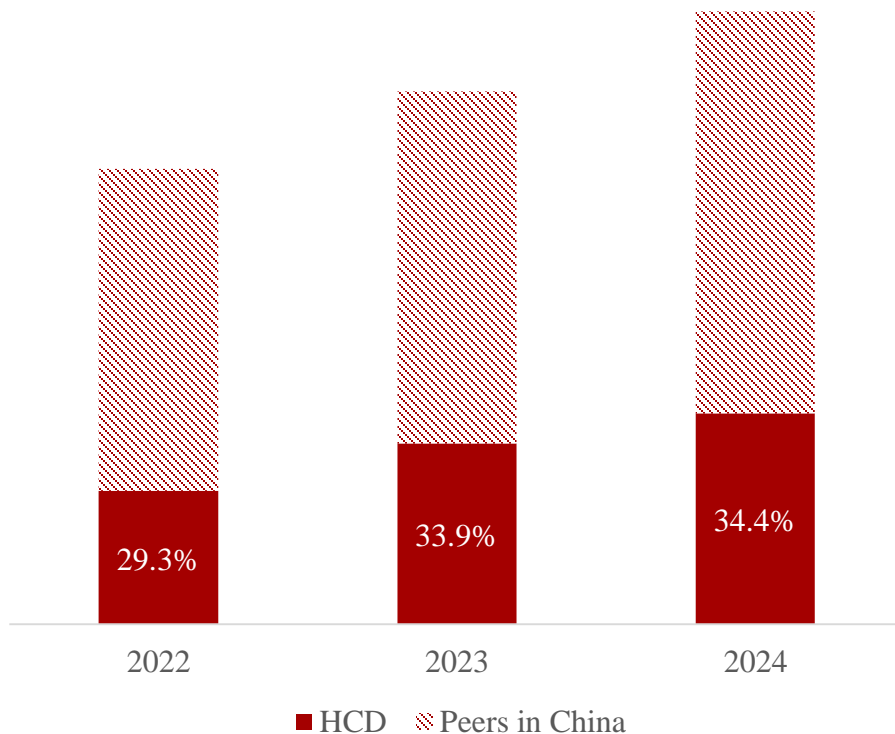




Domestic strategy: Adjust strategies to offset the declining rental yields

- After more than ten years of development, the Company’s leading position in China’s AWP leasing market has been firmly stable;
- Facing the domestic leasing market environment under an adjustment phase, the Company has shifted the business strategy to increase asset operation efficiency in order to offset the decline in rental yields.

The Company’s market share of China’s aerial work platform leasing market¹



The Company’s domestic business strategy

Increase Revenue

- Reorganize the layout and stimulate vitality
- Enrich categories and expand new scenarios

Improve Efficiency

- Optimize asset structure
- Use digitalized systems to improve efficiency

Note:

1. The Company’s market share = the Company’s management scale of aerial work platforms in China at the end of the certain year/the volume of aerial work platforms in China’s rental market; The market data comes from “IPAF Rental Market Report 2024”



Initiative ①: Reorganize the layout and stimulate vitality

- The Company has four permanent bases and **528** branches in China (including Hong Kong, China). It has enhanced the overall store operation vitality by relocating assets and establishing new business-expansion stores that specialize in developing new asset categories.

① Position assets efficiently



Traditional products such as AWP are moving to high-priced areas such as Xinjiang. Over **6,800 units of equipment** and over **12,400 tons of materials** were repositioned throughout the year.

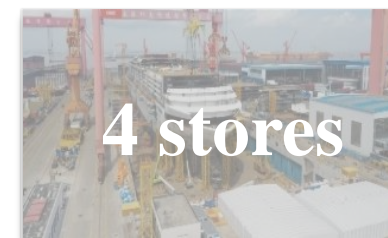
② Set up business development stores



Mining



Marine & shipyards



Steel & petrochemicals



Initiative ②: Enrich equipment categories and explore new application scenarios

- With the intensified efforts in expanding and deepening the business, in addition to the existing equipment lines, the Company continued to enrich new equipment categories and explored new client scenarios, in order to provide diverse and vertical clients with comprehensive equipment operation services.

Multi-product

RMB220 million revenue by new products, with over **800%** year-over-year growth

- Operating special AWP's to enhance overall revenue



Spider crane



Glass attachment lift



Track-based aerial truck



Atrium boom lift

.....

- Exploring various categories to better meet comprehensive client needs



Tele-handler



Diesel forklift



Excavator



Air cooler

.....

Multi-scenario

- Expanding non-construction scenarios to reinforce the ability to defend against single-industry risk
- Exploring key scalable verticals based on the industrial properties of different regional markets.



Industrial daily operation



Mining engineering



Marine & shipyards



Petrochemical industry

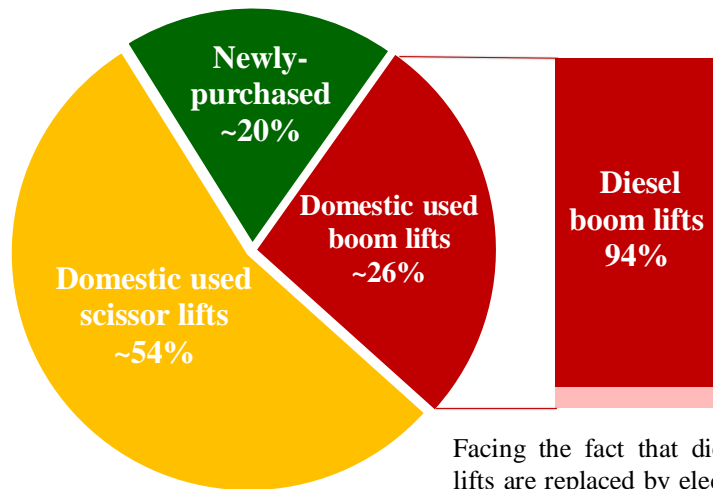


Initiative ③: Optimize asset structure

- Assets are relocated overseas to countries with higher rental prices to achieve tiered utilization and increase asset return rates;
- Disposed inefficient material assets to maximize the efficiency of material assets.

Disposal method ①: Transfer to overseas

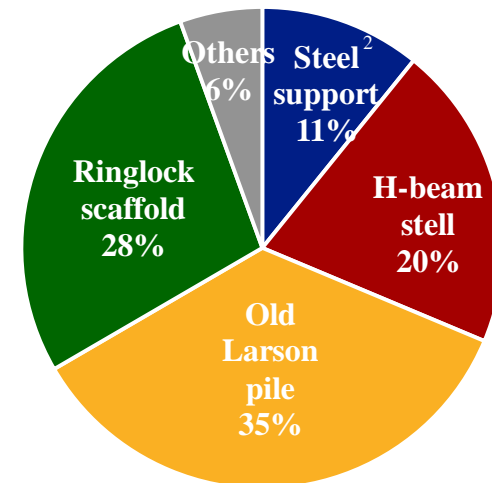
Sources of the Company's overseas AWP fleets



Facing the fact that diesel boom lifts are replaced by electric boom lifts in China, the Company has speeded up the pace of diesel boom lifts going overseas

Disposal method ②: On-site sales

The Company's material sales composition during the year¹



As of the end of the year, a total of approximately 9,000 units of AWP and approximately 140,000 tons of material assets had been shipped to overseas business branches.

Over 450,000 tons of inefficient material assets were disposed of through sales during the year

Notes:

1. Calculated by the tonnage of disposal materials;
2. Including steel fence purlin.



Initiative ④: Deeply utilize digitalization to enhance operational efficiency

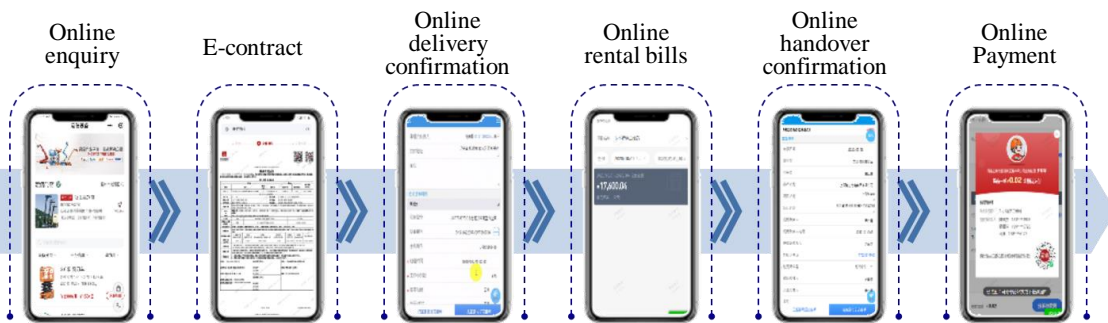
- Constantly utilizing digital methods to manage business processes.

Digital business management approach

Total fleet size
Over **216K** units

+

Front-line & Service
Over **3,200** personnel



Digitalization rate of business process

~100%

Allocation & manoeuver capacity per capita

1:7100

Equipment service capacity per capita

1:234

Key R&D achievements in 2024

Rental asset management platform for client use

Assisting large-sized clients, such as state-owned enterprises, in improving project management efficiency and construction safety. This platform has been used by over 350 clients.

Non-truck owning platform

Independently developed and operated with the qualification of non-truck owning carrier. It helps realize centralized scheduling and optimal allocation of resources, enhance the vehicle mileage utilization, and reduce the average waiting period as well as logistics transaction costs.

Multi category asset management

Supporting equipment operation management for different product categories as well as different holding and management methods, covering multiple dimensions such as asset management, order management and client demand management.

Upgraded deployment and manoeuver model

Implementing functions such as automatic custody of material assets and automatic transfer of equipment assets, to further improve the capacity of allocation personnel, reduce logistics costs and enhance allocation efficiency.

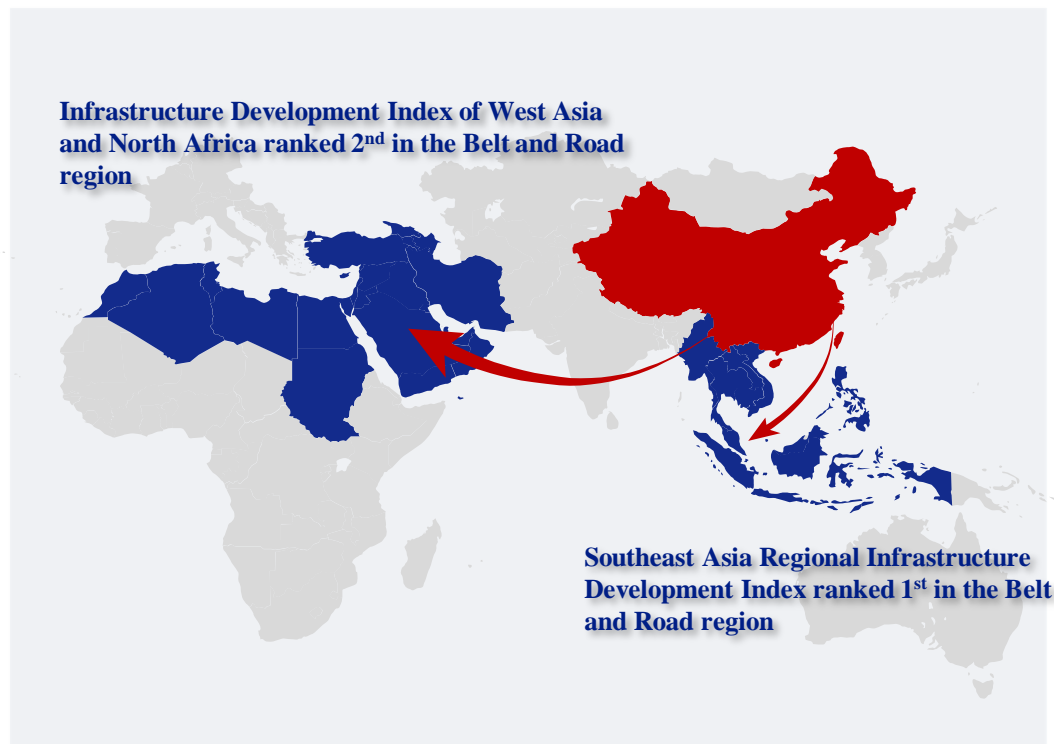
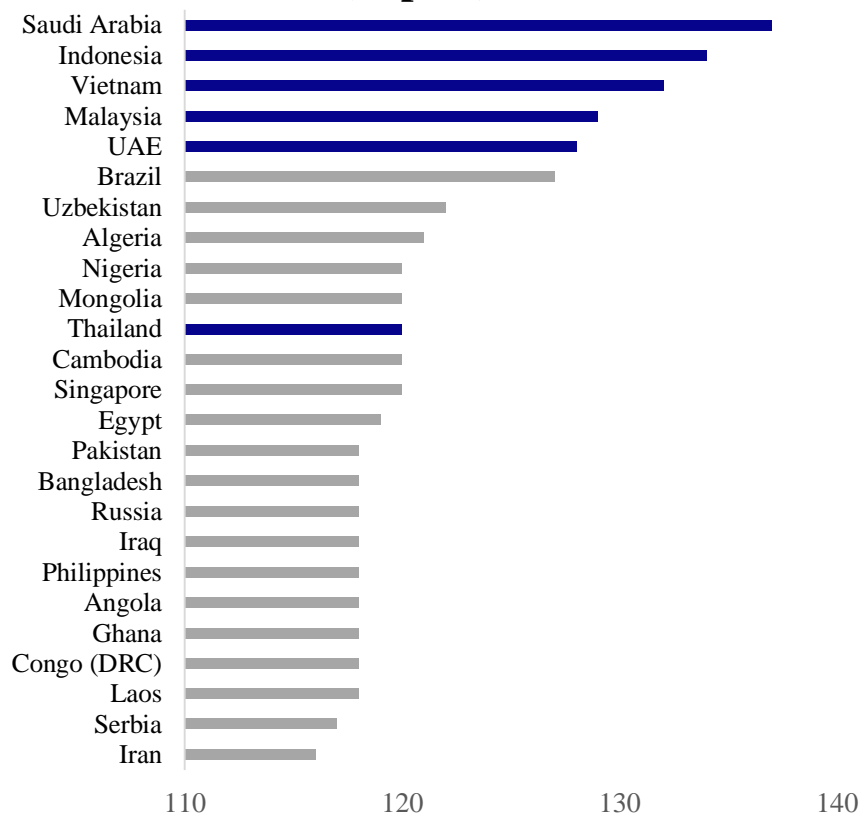
2. Overseas Business



Overview of overseas markets

- The fixed asset investment and construction demand in Southeast Asia, Middle East and North Africa continue to expand;
- It is expected that the demand for equipment operation services in these markets will continue to grow.

Infrastructure development index of "Belt and Road" cooperating countries in 2024 (Top 25)



HCD implements the "3+3+3" strategy to fully realize business layout in the selected overseas markets



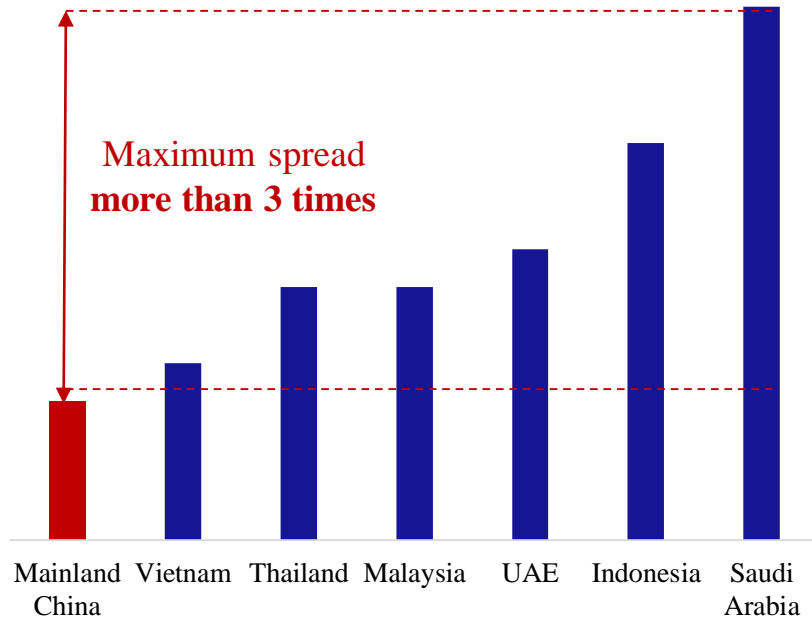
Yields of oversea market

- At present, the overseas countries that the Company has entered into are experiencing strong demand for equipment operation services. At the same time, due to the limited service capacity by peers in the local markets, local rental prices have brought higher returns to leasing companies.

Comparison of equipment rental prices between China and abroad

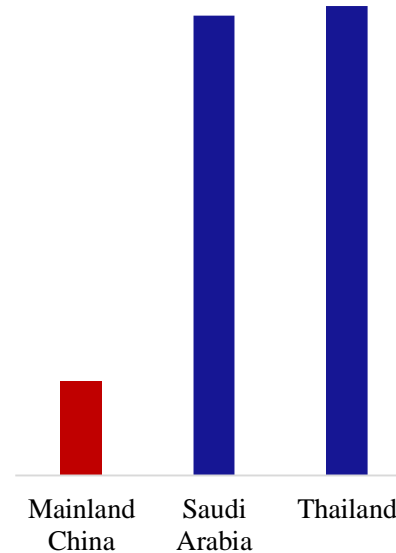
Equipment

Monthly rent of a certain type of AWP

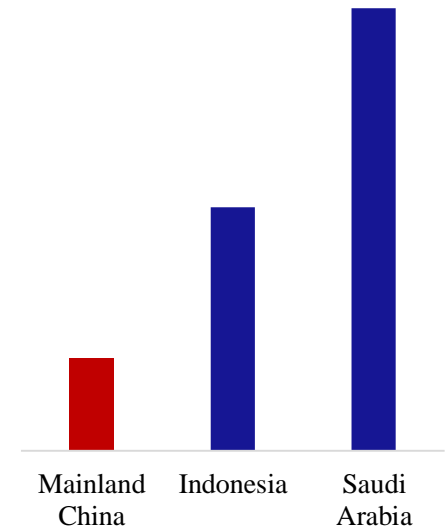


Materials

Monthly rent of ring-lock scaffold



Monthly rent of Larson steel sheet pile





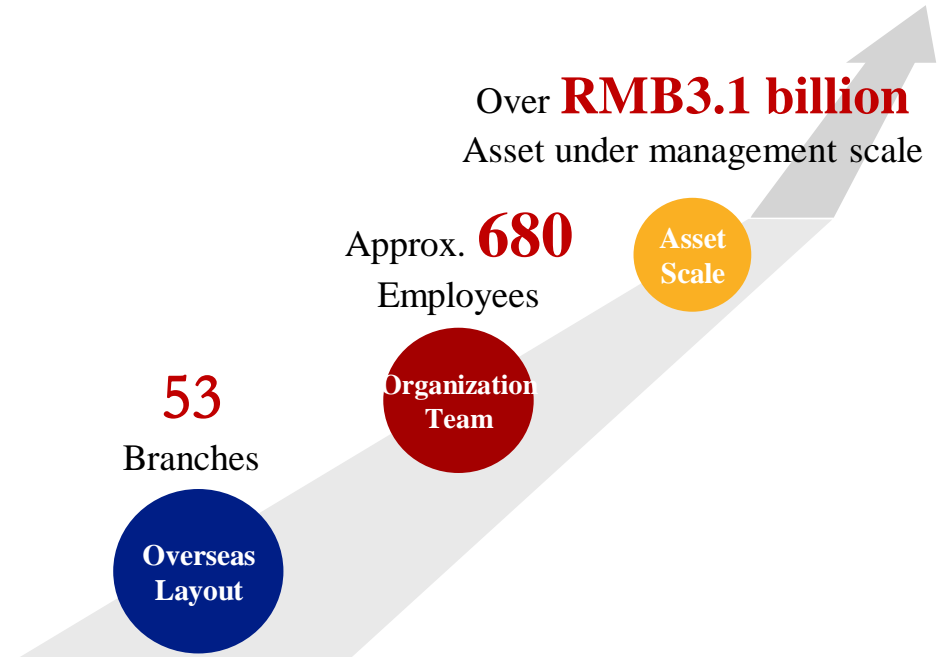
Business layout in overseas markets

- According to the overseas strategy established by the board of directors, the company has entered the markets of Indonesia, Malaysia, Vietnam, Thailand, Saudi Arabia, the United Arab Emirates, and Turkey, and has rapidly increased its branches, employees and assets.

7 overseas countries with HCD branches¹



Overseas business layout progress¹



Note:
1. As of 31 December 2024



Accelerate the expansion of overseas clients

- Through massive efforts, the Company achieved breakthrough in the local client acquisition from scratch successively in each overseas country;
- By the end of 2024, the Company had accumulatively cooperated with nearly 1,700 overseas clients, among which more than 550 were local ones.

Timeline of first local client breakthrough in overseas countries in 2024

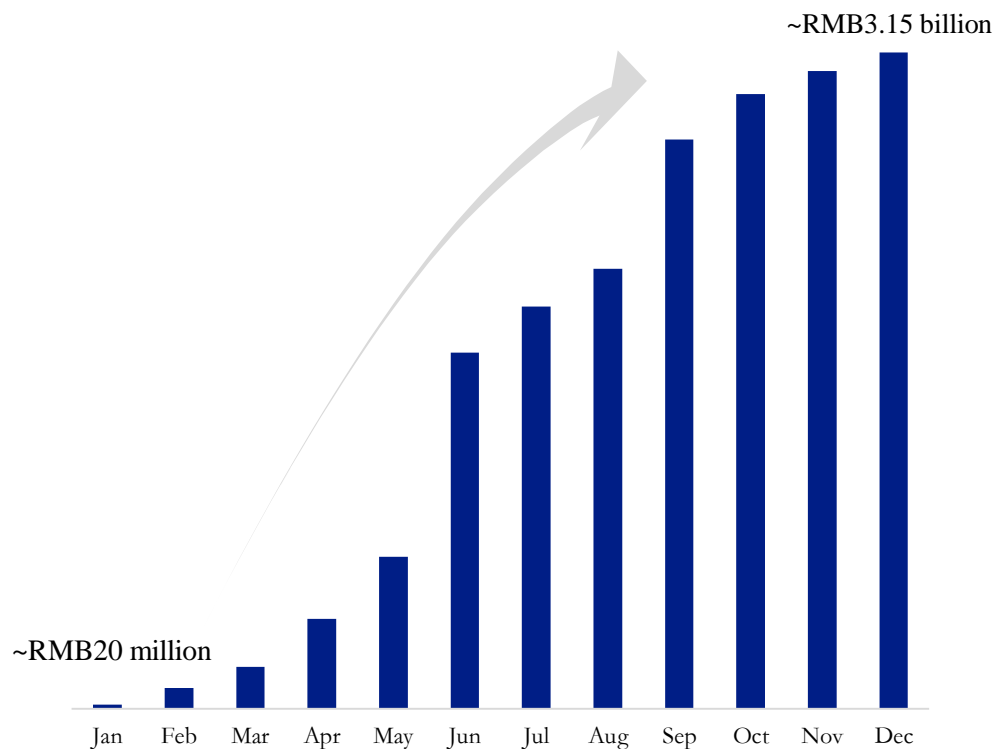




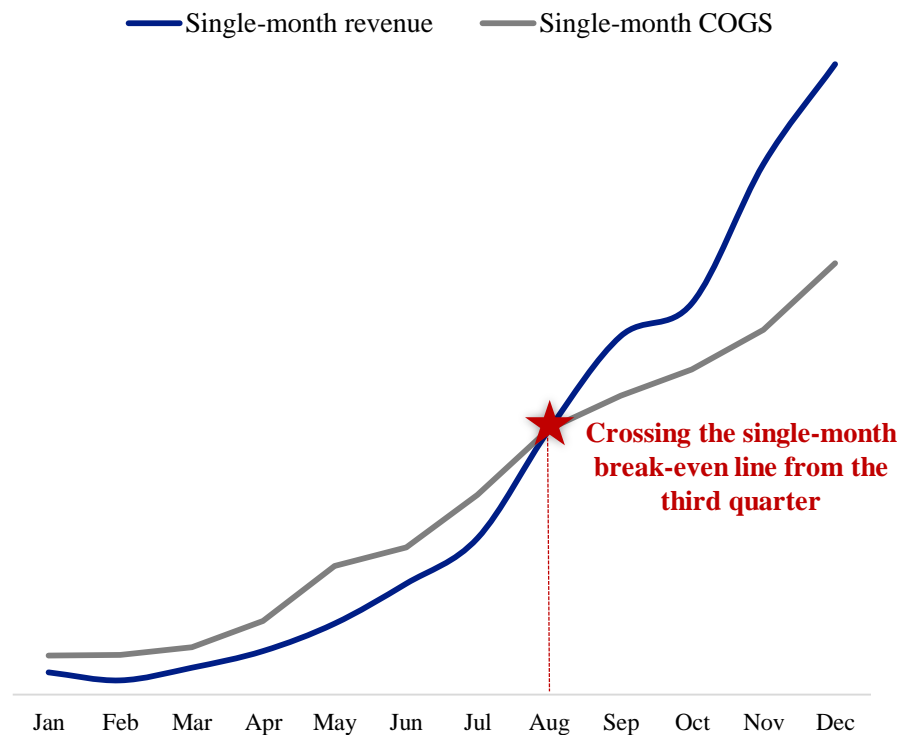
Speed up the asset layout to generate revenue sources

- Since the first half of 2024, overseas assets have gradually enlarged and overseas revenue has increased rapidly, driving overseas business to realize the single-month profit since the second half of the year.

Monthly asset management scale of overseas business



Monthly revenue and COGS of overseas business








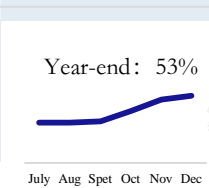
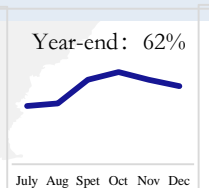
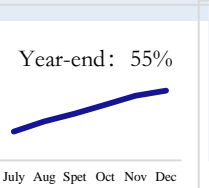
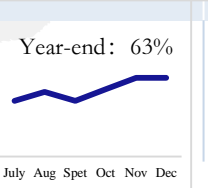
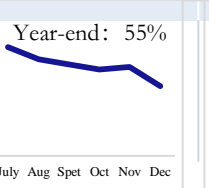
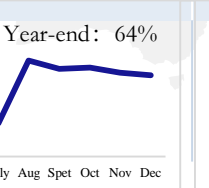
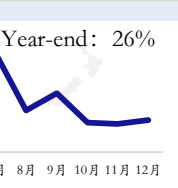




Overseas business performance in each country

- As business branches, assets and management systems in each country are gradually put in place, most of the countries that the Company has tapped into have formed a local-leading business scale and entered a stable and good operating state. The equipment utilization rates in most countries continued to rise during the year and exceeded 50% at the end of the year (except for Turkey, mainly due to the Company's late entry into this market)

Business conditions in overseas countries¹

	 Malaysia	 Thailand	 Vietnam	 Indonesia	 Saudi Arabia	 UAE	 Turkey
No. of branches	8	8	11	10	8	6	2
AUM (RMB'00 million)	2.5	2.8	5.2	5.4	9.7	5.1	0.9
Major products	【AWP】 【Ring-lock scaffold】	【AWP】 【Ring-lock scaffold】	【AWP】 【Ring-lock scaffold】 【Neo-excavation system】	【AWP】 【Ring-lock scaffold】 【Power generator】 【Mining equipment】	【AWP】 【Excavator】 【Ring-lock scaffold】 【Tele-handler】	【AWP】 【Ring-lock scaffold】 【Tele-handler】 【Excavator】	【AWP】
Equipment units ²	>2,100	>1,600	>1,500	>1,200	>1,800	>1,000	>800
Trend of rental rate of AWP ³	Year-end: 53% 	Year-end: 62% 	Year-end: 55% 	Year-end: 63% 	Year-end: 55% 	Year-end: 64% 	Year-end: 26% 

Note:

1. As of 31 December 2024

2. Including AWP, mining and other equipment.

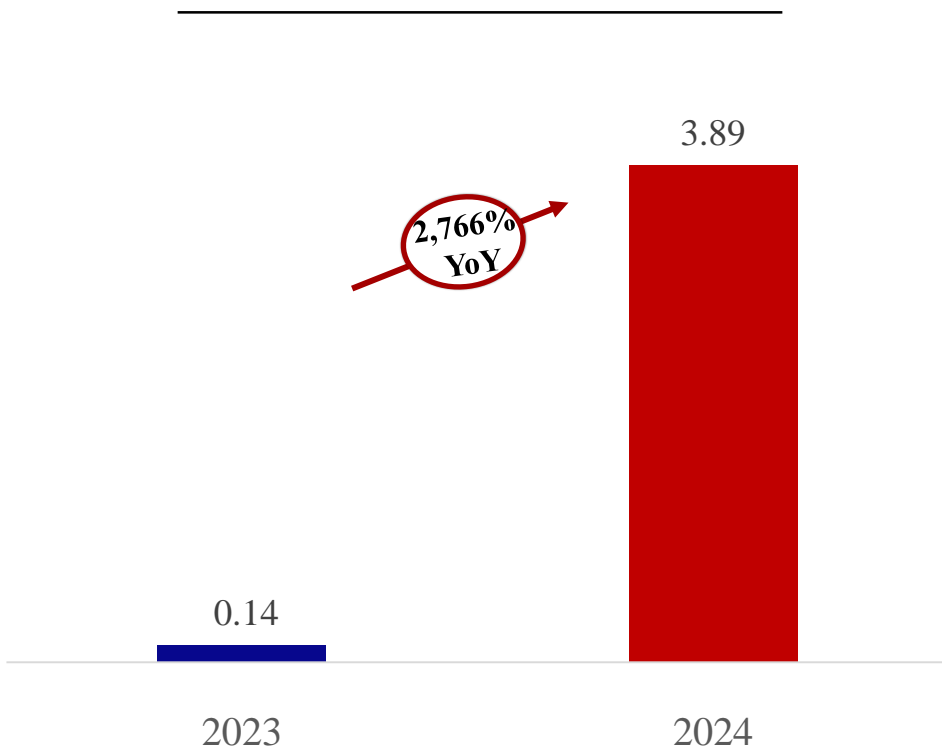
3. Defined as the percentage of leased-out AWP units divided by total AWP units owned.



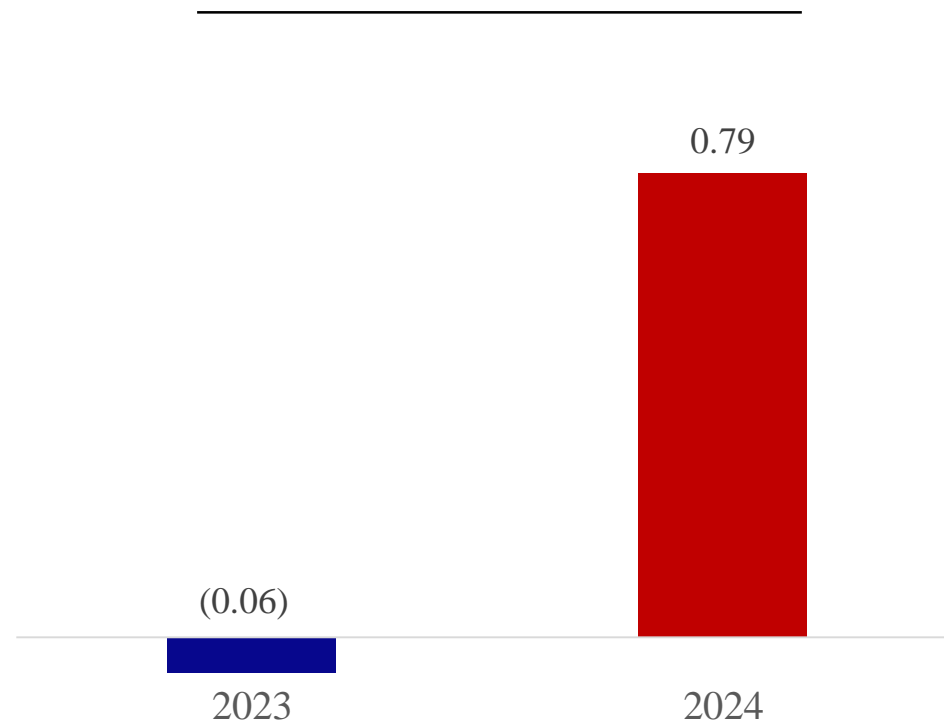
Overall financial performance of overseas business

- The Company's overseas business revenue in 2024 increased significantly by 2,766% year-on-year to RMB389 million, and achieved a full-year net profit of RMB79 million.

Revenue of oversea business¹ (RMB'00 million)



Net profit of oversea business (RMB'00 million)



Note:

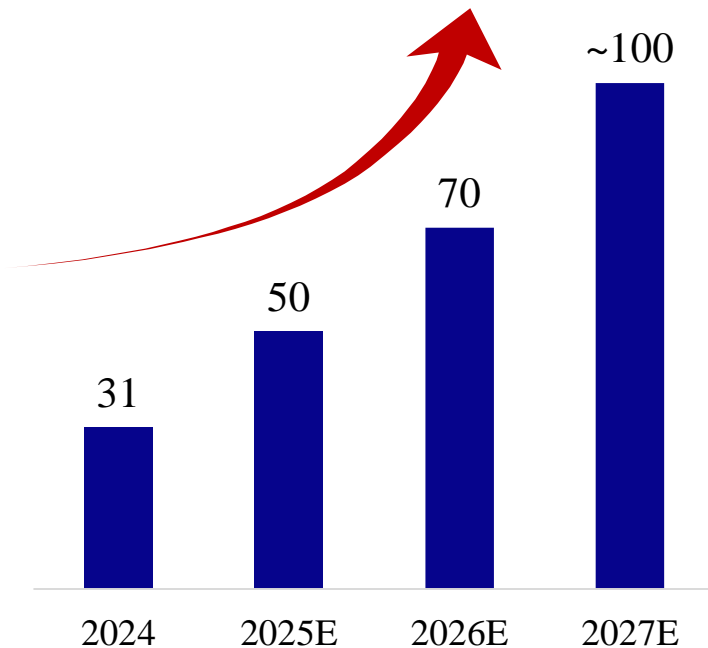
1. The updated definition of overseas business revenue is revenue generated overseas, excluding revenue from the sales of domestic second-hand equipment and materials to overseas countries, so it is different from the previous disclosure standard.



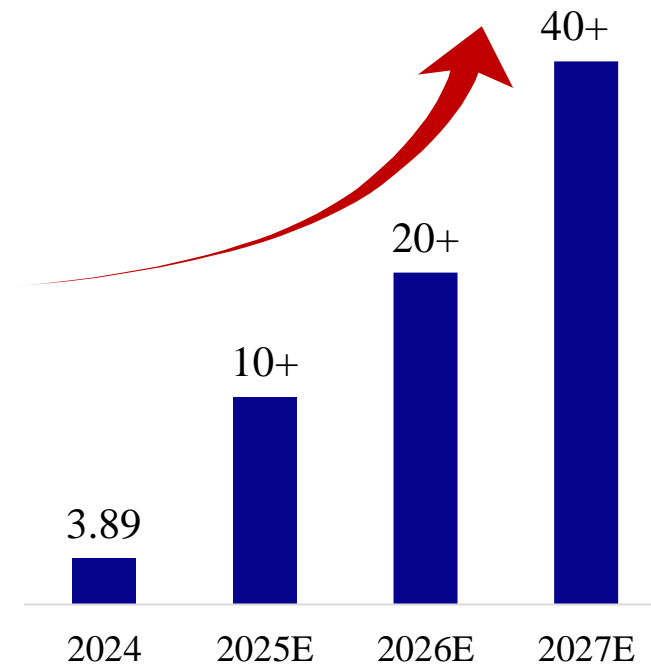
Overseas business plans for the next three years

- Looking forward, the Company plans to increase input in overseas markets and drive further growth in overseas revenue in the next three years.

Overseas business asset management scale planning (RMB'00 million)



Overseas business revenue scale projection (RMB'00 million)



1

Annual Business Review

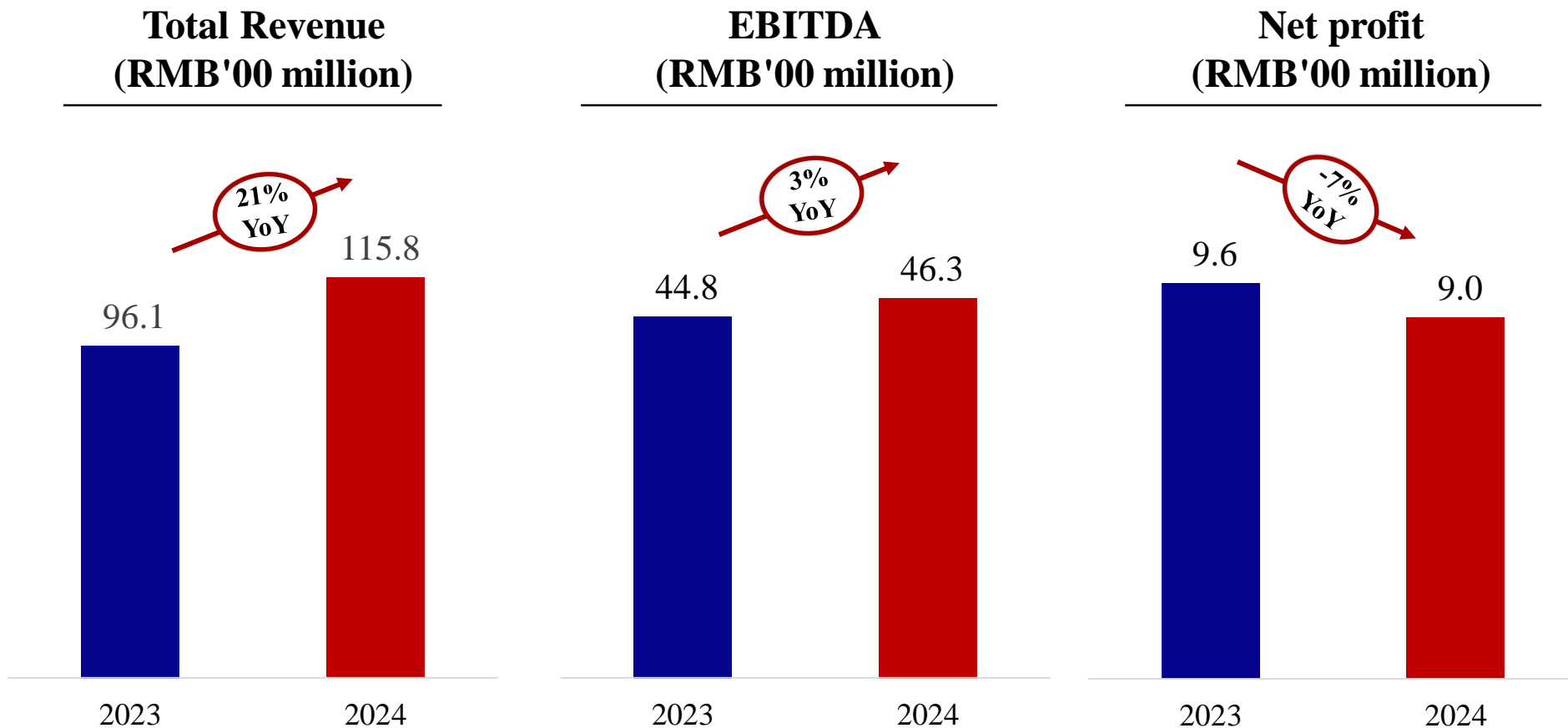
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Annual Financials Review



Steady performance in 2024

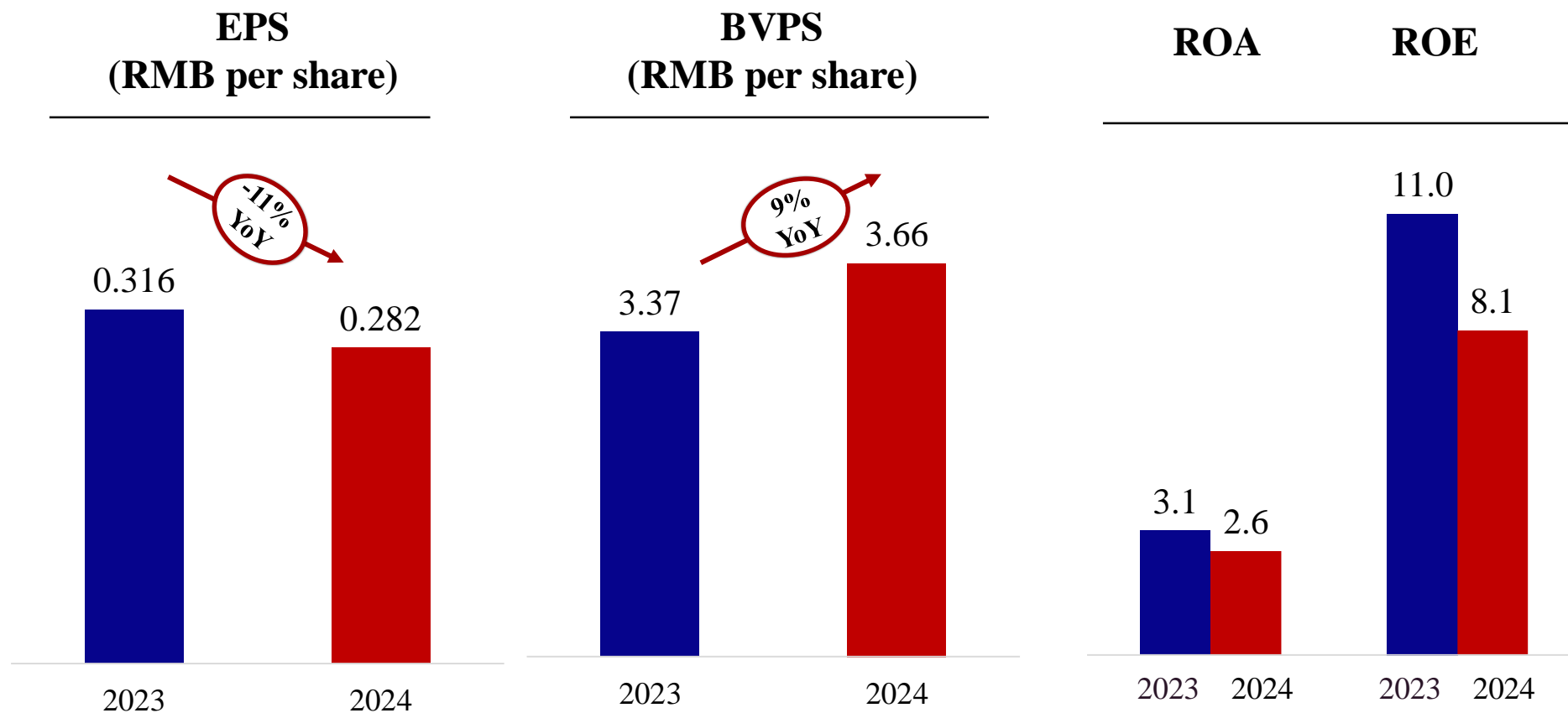
- In 2024, the total revenue of the Company showed growth, while under the impact of the market environment, the net profit slightly decreased year-over-year.





Profitability recorded a modest downturn in 2024

- EPS was approximately RMB0.282, with a year-on-year decrease of approximately 11%; BVPS was RMB3.66, with an increase of approximately 9% from the end of the previous year;
- ROA was approximately 2.6% and ROE was approximately 8.1%, both lower than the end of the previous year.

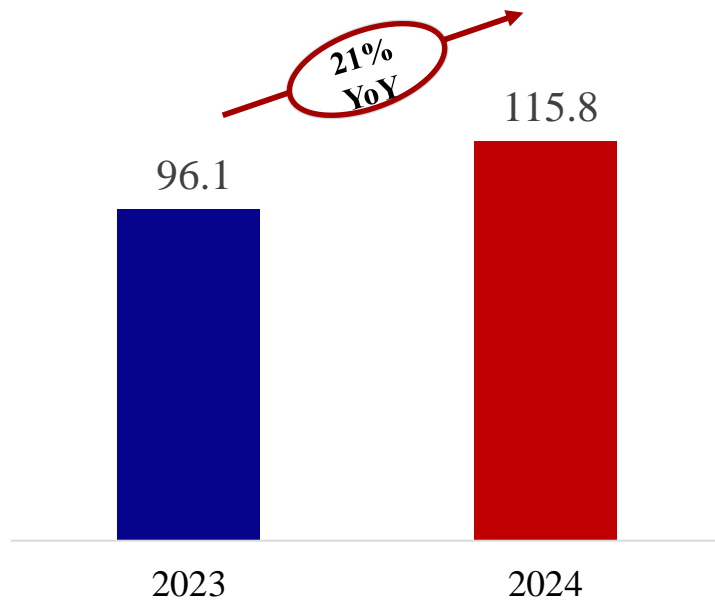




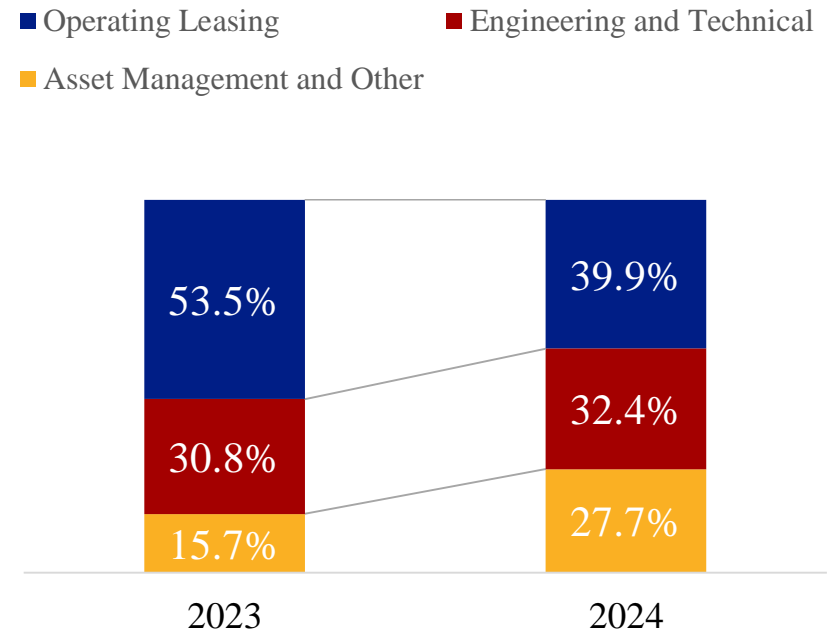
Total revenue continued to grow

- In 2024, the Company's revenue reached approximately RMB11.58 billion, a year-on-year increase of approximately 21%;
- The revenue structure has been further diversified, with the proportion of non-operating leasing revenue reaching over 60%.

Total Revenue (RMB'00 million)



Revenue Structure

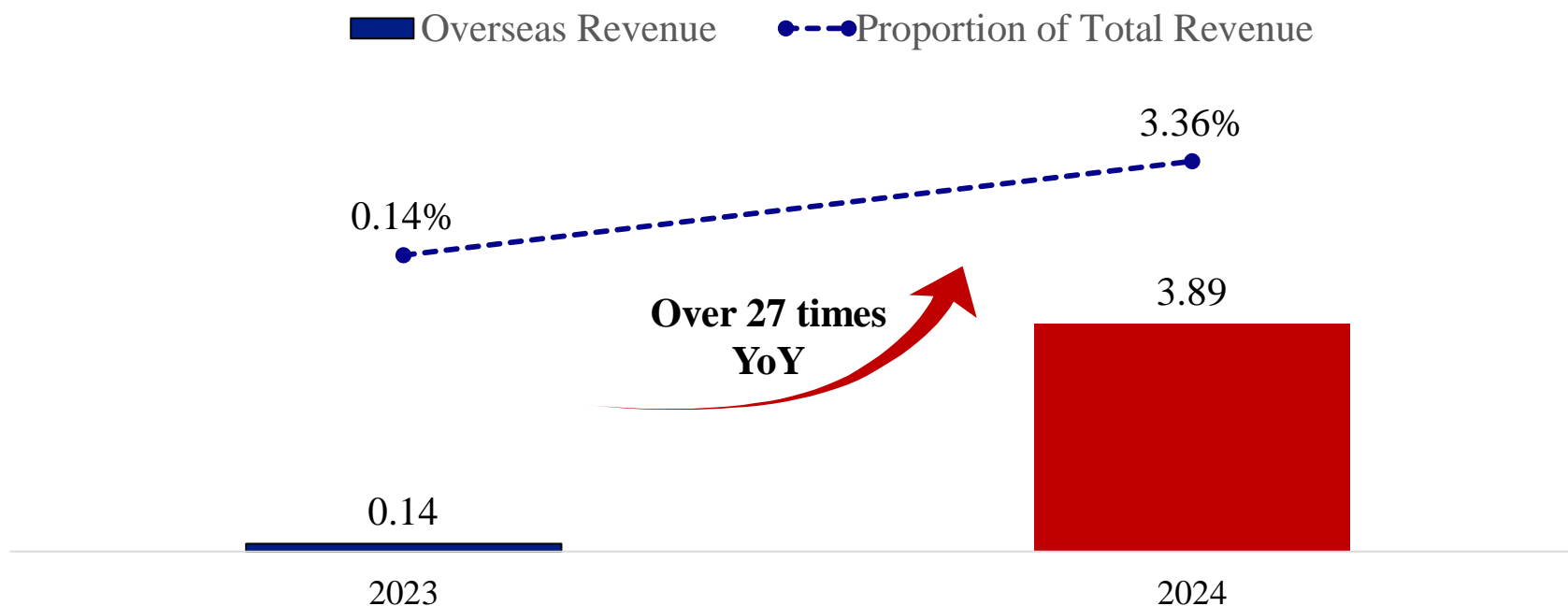




Rapid surge in the revenue contribution of overseas business

- In 2024, the revenue of overseas business experienced remarkable growth pace, recording RMB389 million with a year-over-year increase of over 27 times and accounting for approximately 3.4% of the total revenue.

Overseas Revenue and Proportion (RMB'00 million)





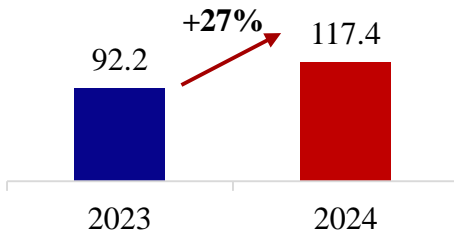
Operating leasing service revenue affected by market fluctuations

- Although the main assets available for rental (mainly composed of aerial work platforms and neo-formwork system products in China) have increased overall compared with last year, the rental prices in the domestic market have declined, resulting in a decline in operating leasing service income;
- The decrease in operating leasing service revenue was also due to the fact that the Group has reduced material rental in neo-excavation support systems and provided more customized construction solutions directly to general engineering contracting customers.

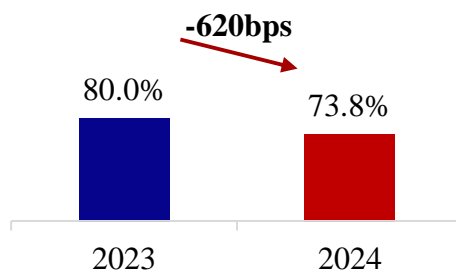


Main rental asset ①: Aerial work platform

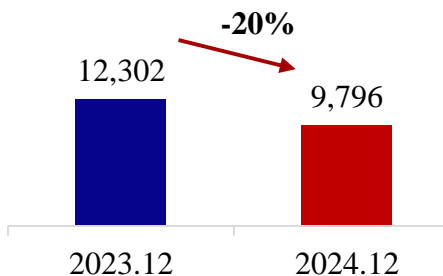
Asset scale owned by HCD
(RMB'00 million)



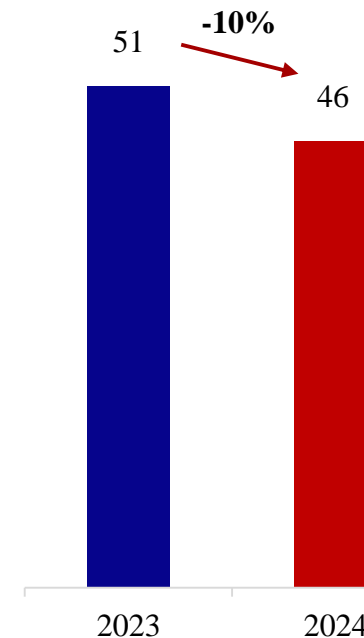
Average utilization rate (%)



Market rental price index¹

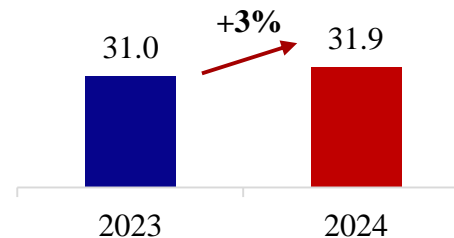


Revenue of operating leasing services
(RMB'00 million)

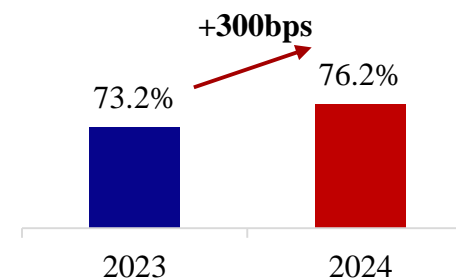


Main rental asset ②: Neo-formwork system

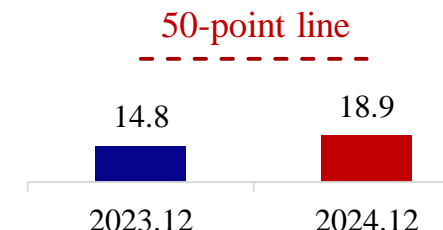
Asset scale owned by HCD
(RMB'00 million)



Average utilization rate (%)



Market rental price index¹



Note:

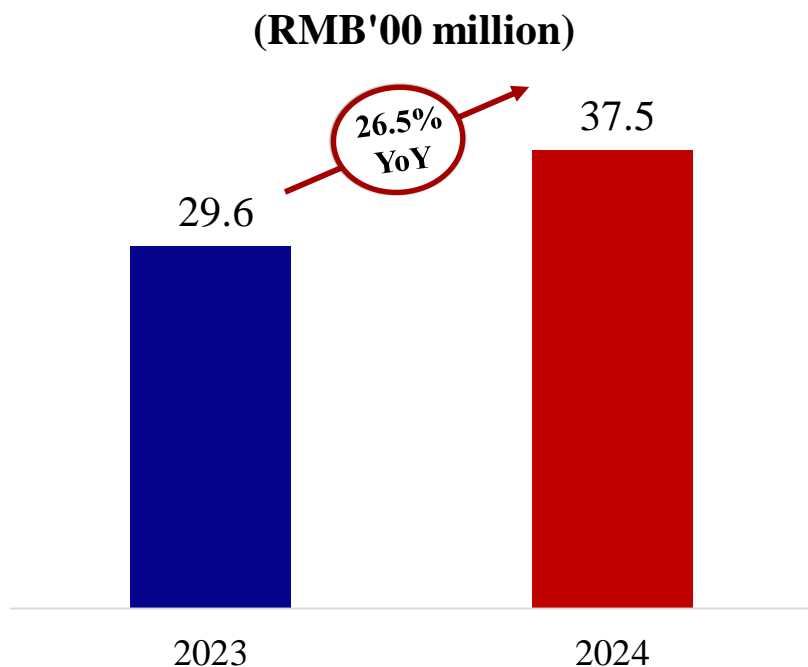
1. Source: China Construction Machinery Association, and China Construction Materials Rental Contractor Association 27



Engineering and technical services revenue demonstrated growth

- With the enhancement of the company's engineering technology and the improvement of project undertaking capacity, the company's solution capabilities have been constantly strengthened. The company actively expands the business scale of engineering and technical services, and within the year the revenue of this business segment was approximately RMB3.75 billion, a year-on-year increase of approximately 26.5%.

Revenue of engineering and technical services



Vigorously expand the business scope of engineering technology business

The company actively expands the business scale of engineering and technical services and significantly promotes the engineering business of neo-formwork systems, achieving solid results.

In 2024, neo-excavation support systems and neo-formwork systems served a total of 3,195 engineering projects.

Benchmark Projects in 2024



Neo-excavation system engineering projects such as a national backbone cold-chain logistics base, Hangzhou Bay cross-sea bridge, Guangxi Liucheng Rongjiang bridge, etc.

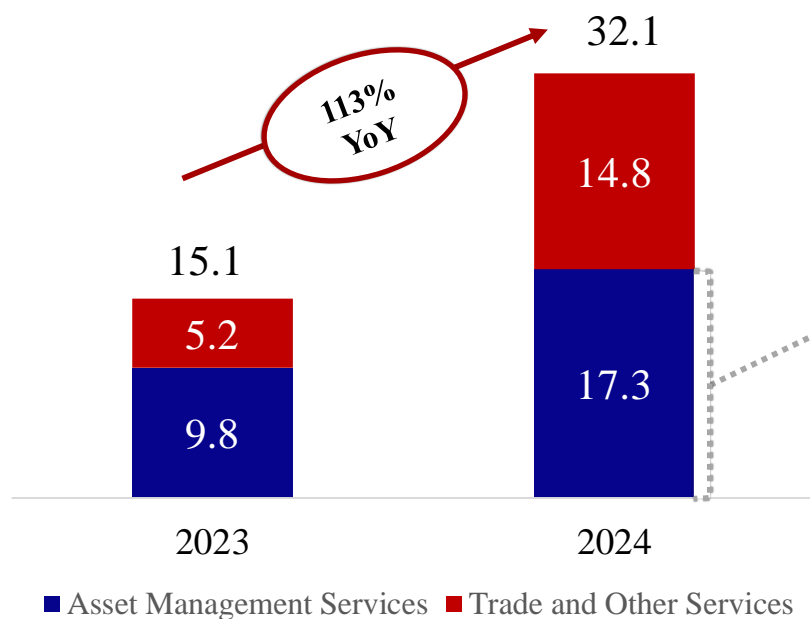
Neo-formwork system engineering projects such as Rojana industrial park in Thailand, a tire production factory in Indonesia, etc.

Asset management and other services provided crucial supplements to the total revenue

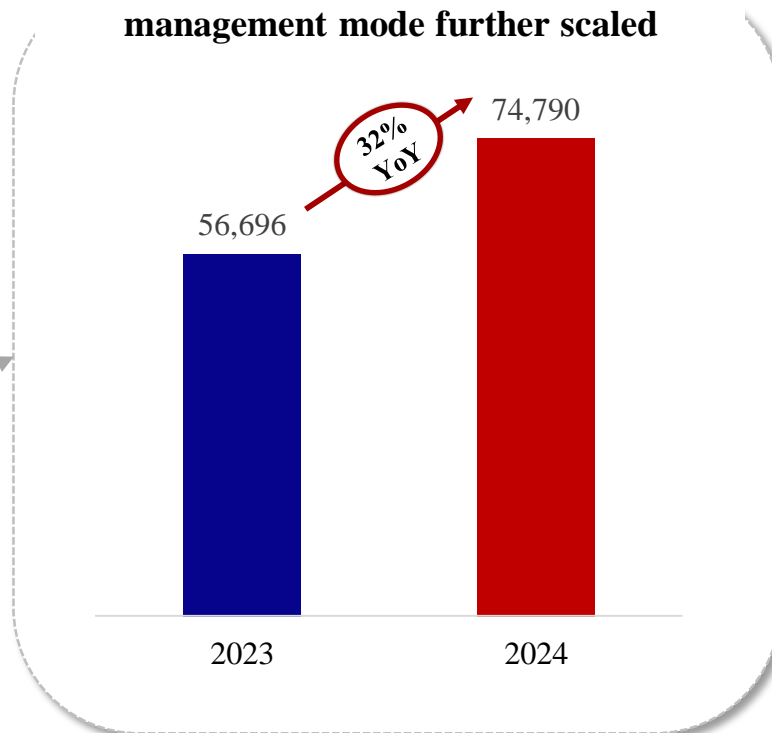
- Based on the Group's nationwide operation network, digital management system and profound equipment operation experience, the company's asset management services revenue (formerly known as "platform services revenue") was approximately RMB1.73 billion, a year-on-year increase of approximately 75.5%;
- The trade and other services revenue generated from, e.g., the sales of disposed equipment and materials, amounted to RMB1.48 billion.

Revenue of asset management and other services

(RMB'00 million)



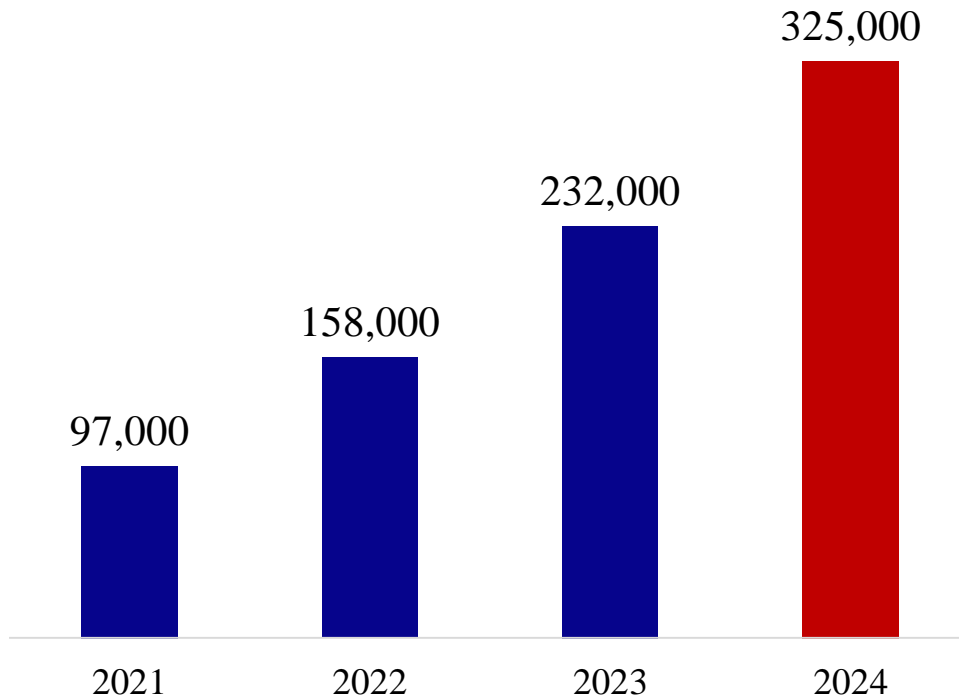
The units of AWP under asset management mode further scaled



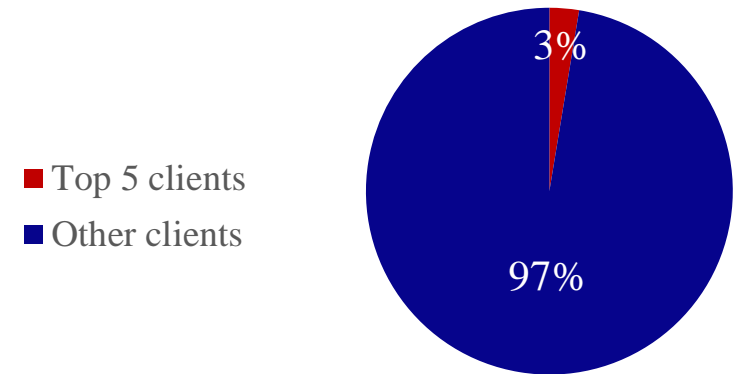
The enhancement of comprehensive service ability drives clientele scale and stickiness, thus maintaining a strong risk resistance ability

- Thanks to the full-cycle, well-round multi-product and function service model, the company steadily increased the excellent and diverse clientele, enabling the served downstream sectors to become more various and equipping the overall businesses with strong anti-cyclical properties.

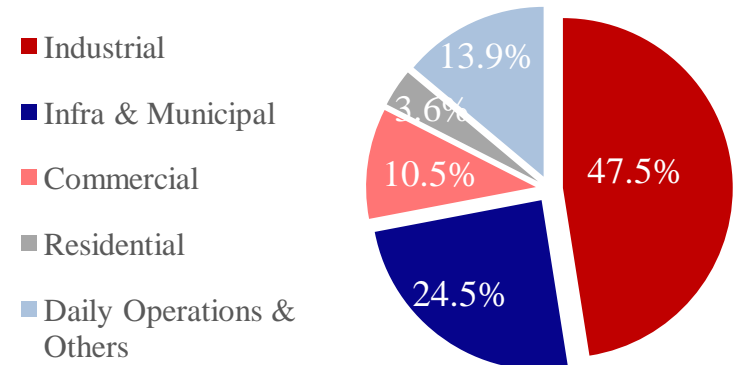
Total number of clients served



Top 5 client (entity-level) concentration rate in 2024



Equipment usage scenarios breakdown in 2024¹



Note:

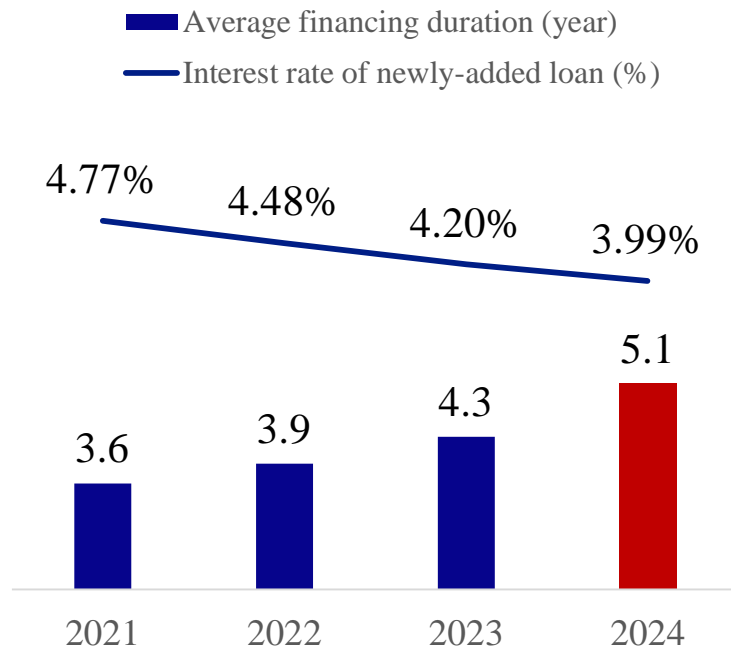
1. Based on the confirmed turnover derived from the equipment operated and managed by the company



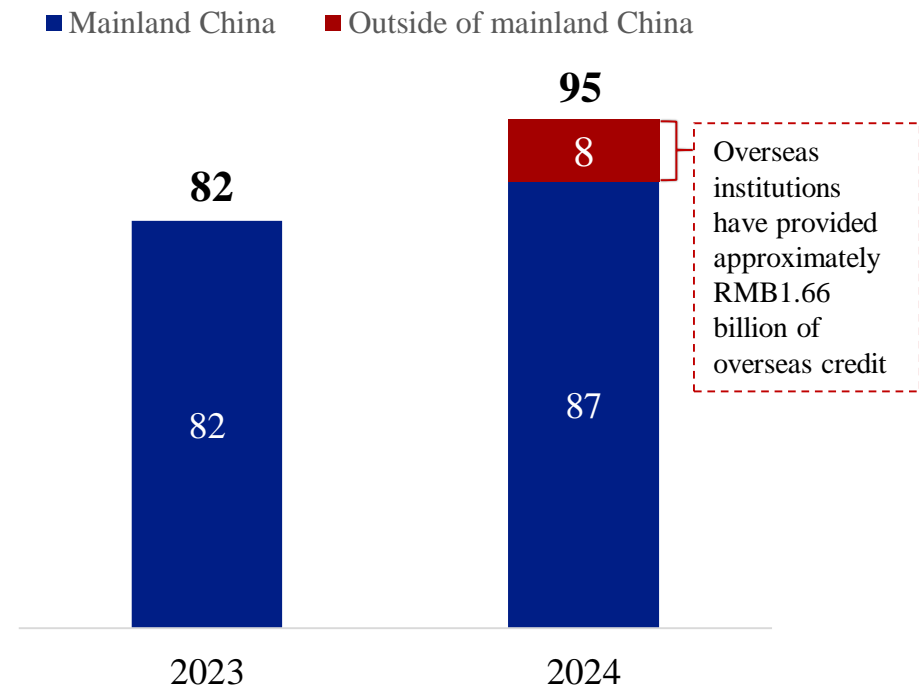
Continuously strengthened financing capabilities

- In recent years, the financing structure of the Company has kept optimized with abundant credit resources. In 2024, the number of collaborative banks increased to 95, the average financing duration extended to 5.1 years, and the interest rate of loan newly-added within the year descended to below 4%;
- To support the overseas business development, the company accelerated in expanding overseas financing channels, and has established cooperation with 8 overseas institutions and has achieved approximately RMB1.66 billion of overseas financing credit.

Interest rate of newly-added loan and average financing duration



Number of collaborative banks

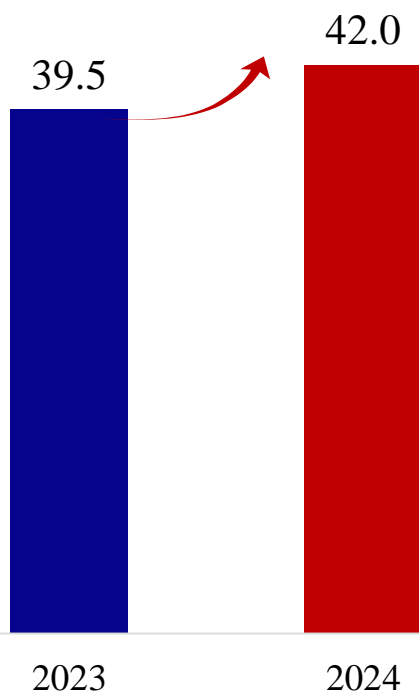




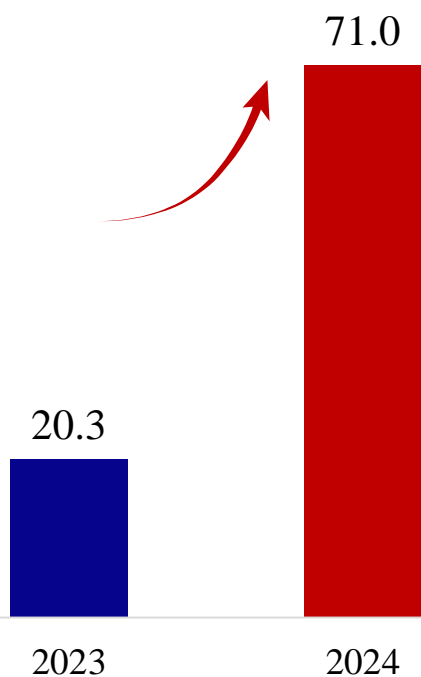
Free cash flow performance

- The company's operating cash flow increased year-on-year. On the other hand, by increasing capital expenditures, the company has optimized the domestic aerial work platform fleet structure and increased the layout of overseas equipment and new equipment categories. Free cash flow declined year-on-year as capital expenditure growth exceeded operating cash flow growth.

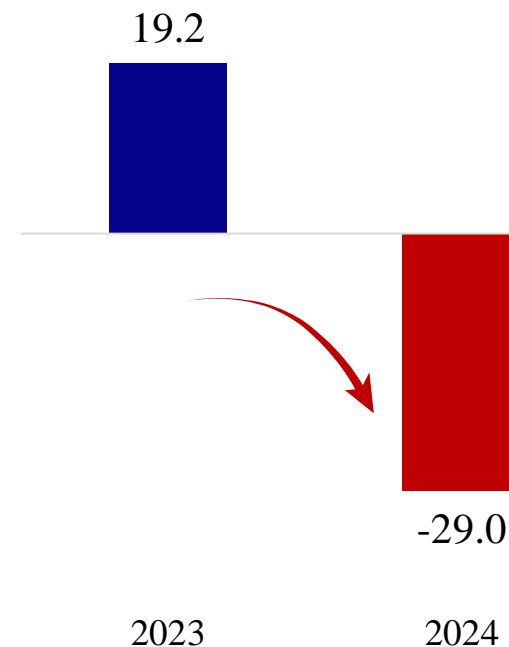
Operating cash flow (RMB'00 million)



CAPEX (RMB'00 million)



Free cash flow¹ (RMB'00 million)



Note:

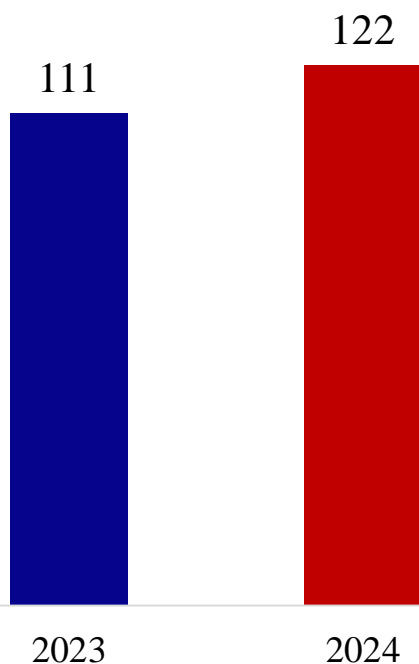
1. Free cash flow is calculated by deducting capital expenditure from operating cash flow



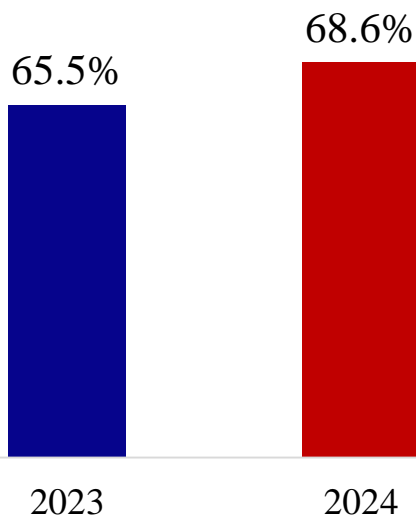
Stable and healthy capital structure, poised for final dividend payout

- During the period, the company's leverage increased slightly with business expansion, and the company's cash and cash equivalents remained sufficient;
- The board of directors approved the declaration of an final dividend of HK\$0.045 per share, which will be paid out on July 2, 2025.

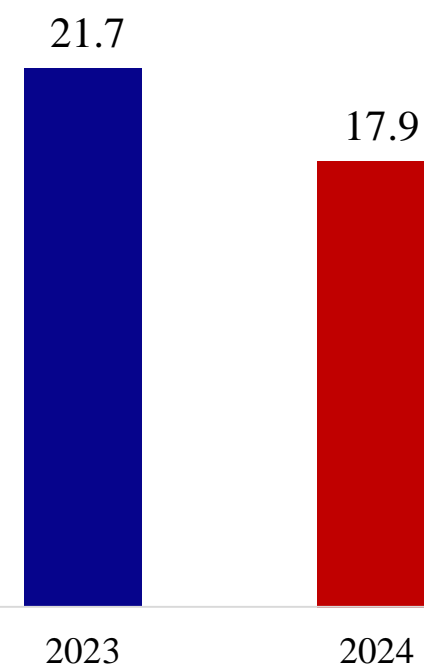
**Current asset
(RMB'00 million)**



Asset-liability ratio



**Cash and cash equivalents
(RMB'00 million)**



Appendix: Condensed Balance Sheet

(RMB'00 million)	31 Dec 2024	31 Dec 2023	Change
Total assets	364	312	16.6%
Equipment and material for leasing and services	216	176	22.8%
Trade receivables and contract assets	66	54	22.4%
Total liabilities	250	205	22.1%
Total equity	115	108	6.3%
Equity attributable to owners of the parent	115	108	6.3%
Net assets per share (RMB/share)	3.66	3.37	8.6%



Appendix: Condensed Income Statement

(RMB'00 million)	2024	2023	Change
Revenue	115.8	96.1	20.5%
EBITDA	46.3	44.8	3.3%
Net profit	9.0	9.6	-6.9%
EPS (RMB/share)	0.282	0.316	-10.8%
ROA	2.6%	3.1%	-0.5pct
ROE	8.1%	11.0%	-2.9pct



Appendix: Condensed Cash Flow Statement

(RMB'00 million)	2024	2023	Change
Net change in cash and cash equivalents	-4.2	0.1	N/A
Net cash flows from operating activities	42.0	39.5	6%
Net cash flows from investing activities	-67.6	-18.3	-269%
Net cash flows from financing activities	21.4	-21.1	N/A
Effect of foreign exchange rate changes, net	0.4	0.0	1732%
Cash and cash equivalents at the end of the period	17.8	21.7	-18%



Q & A



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